

United States v. Williams Scott & Associates, et al.
Prepared Remarks for U.S. Attorney Preet Bharara
November 18, 2014

Good afternoon. My name is Preet Bharara, and I am the United States Attorney for the Southern District of New York.

We are seeing, in this country, an absolute epidemic of abusive debt collection practices. That is why, today, we unseal charges against Williams Scott & Associates, or WSA, a so-called debt collection company located in Norcross, Georgia; also its owner; and six of its employees for allegedly engaging in the worst kind of abusive and threatening conduct in an effort to collect debts from average Americans.

WSA found its victims by purchasing uncollected debt cheap, cents on the dollar—with no intention of collecting on the debt through legitimate means.

As alleged, the defendants –third-party debt collectors acting under the guise of government authority– illegally and repeatedly threatened arrest, prosecution, and prison for countless Americans. They even threatened to take away victims’ driver’s licenses.

As further alleged, in order to credibly threaten prosecution and prison, the defendants pretended to be law enforcement officials – alternately claiming to be part of the Department of Justice, the Department of State, the Marshals Service and even a completely fabricated government task force.

The evidence shows that the defendants targeted and harassed, over time, more than 6,000 victims and made over \$4.1 million through their abusive tactics.

Now, after years of falsely threatening arrest, these defendants are the ones who now find themselves in handcuffs, facing the loss of their own liberty.

At the outset, let me make clear that those who owe legitimate debts should pay them, and there is of course nothing inherently wrong with trying to collect legitimate debts. But at the same time, the law imposes reasonable boundaries, and Americans who may owe a debt should be free from terrorizing, extortionate, and deceptive efforts to collect them. We don’t allow the mob to do it; and we don’t allow so-called debt collection agencies to do it either.

As detailed in the complaint, WSA employees told lie after outrageous lie. And they were ruthlessly persistent. When questioned by scared and skeptical consumers, the defendants responded with even more lies and more false threats.

Indeed, the Complaint reads like a tale from Dickensian times, when people could be dragged off to debtors’ prison.

In one case, a defendant told a victim that she had just 15 minutes to decide whether to make a payment on her spouse's debt, and if she elected not to, a warrant for his arrest would be issued immediately.

In another case, one of the defendants arrested today used a false name and identified herself as "Chief Investigator Sharon Wright." That defendant told a victim that she was investigating a criminal complaint against the victim for an outstanding payday loan. At one point, the victim asked for customer service, and the defendant replied, "Customer service? Ma'am you're on the way to jail." When the victim pleaded that she was eight months pregnant and did not want to go to jail, the defendant replied, "I wouldn't care if you were nine months pregnant. I have a job to do here."

As the Complaint describes, these were not occasional lapses. A campaign of harassment, lies, and threats was the company's very business model—indeed, the abusive tactics were scripted out for the collectors— and that business has now been shut down.

Unfortunately, though there are many many businesses just like WSA. As I said, this has become an epidemic. Query any roomful of people, and you will find several who have been on the receiving end of this harassment or who know friends and relatives who have been. And that goes double for certain groups.

According to the CFPB, since September 2013, older Americans have submitted more complaints about debt collection than any other financial product or service.

The efforts by the FTC and CFPB to educate consumers, bring enforcement actions, and increase the regulatory focus on this problem have been remarkable and worthy of admiration.

Happily, there has been a regulatory crackdown, but there needs to be, when appropriate, a criminal crackdown also. Indeed, earlier this year, the FTC filed a civil suit against this company and John Williams; yet, shortly thereafter, we allege that Williams launched a new debt collection business engaged in the very same unscrupulous and illegal practices.

And so we are far from finished looking at the seedy side of debt collection. It affects too many people. I have reached out to the FTC and the CFPB about taking an even more aggressive approach to this problem – to receive more referrals and to launch more prosecutions. In addition, recently, I and others in this office met with a collection of leading consumer advocates to discuss stills other ways to protect the public from these kinds of threats and ripoffs.

We urge consumers to be careful and to know their rights. It turns out, in America, there is not a statute of limitations on your civil rights to be free from abuse.

And while we urge consumers to take care, we also urge whistleblowers to come forward – as did one who went to the media last week in Chicago, apparently fed-up with the way her company was going about collecting supposed debts, as shown on NBC5 in Chicago a few days ago.

Let me make one final point: There is also a responsibility on the part of creditors who are casually assigning debts to over-aggressive debt collectors while, perhaps, conveniently keeping their heads in the sand about the malicious methods employed. We are taking a very close look at what the original creditors and the various middlemen are doing; at whether they are cynically offloading the responsibility for collection to crooks and thugs, while attempting to maintain plausible deniability. And we will do our best to hold accountable anyone and everyone in the chain of responsibility.

Now, let me introduce and thank our law enforcement team.

First, I am joined here today by our investigative partner in this and so many important cases, the Federal Bureau of Investigation, represented by Rich Frankel, Special Agent in Charge of the Criminal Division.

I want to thank Assistant Director Venizelos, as well as Supervisory Special Agent Darrin Kibel, and Special Agents Brian Comisky and Timothy Brody for their really great work on this case.

I am also joined here today by William Efron, the Director of the Northeast Regional Office of the Federal Trade Commission. The FTC has long been a leader in the fight against consumer fraud, and my office is committed to its ongoing partnership with the FTC, to ensure we are doing everything in our power to protect ordinary citizens against abusive schemes like the one charged today.

I want to thank all those at the FTC who have helped make today's case possible, including Edith Ramirez, the Chair of the FTC, Valerie Verduce, the FTC's criminal liaison, and FTC Staff Attorney Robin Rock.

I'd also like to thank the CFPB for initially referring this matter to my Office.

Finally, I want to express my appreciation to the career prosecutors who have conducted the investigation leading to today's arrests – Assistant United States Attorneys Daniel Tehrani and Jennifer Gachiri, as well as Richard Tarlowe and Nicole Friedlander, the Chiefs of our Complex Frauds and Cybercrime Unit.

I'd also like to thank Kevin Song, a criminal investigator in our Office, for his important contributions to this case.